

# HABITAT FOR HUMANITY PROGRAM LOAN CRITERIA:

## Borrower Eligibility Criteria:

- Income limits according to Habitat criteria
- First-time homebuyer can be waived for [targeted area](#) depending upon Habitat criteria
- Home must be primary residence as long as the loan remains in place
- No asset limitations
- Must be Habitat-partner homebuyer

## Property Criteria:

- Purchase Price [Limit](#)
- Limit of 15% use of the property for business
- Land limited to 35% of value of appraised value, 40-acre limit, with no subdivision or sale of land possible.

## Loan Criteria:

- Montana Board of Housing loan at 2% with Wrap around Habitat Second loan at 0% (contact Montana Board of Housing to calculate loan amounts)
- Hazard insurance \$1,000 deductible all peril
- No lender fees allowed. Purchase at 100%
- 60-day loan reservation limit for existing home, 180 for new construction
- Taxes and insurance must be held in escrow

## Underwriting Criteria:

- Lenders qualify borrowers for loan amount based on 30-year amortized loan at 0% interest. This loan amount becomes the purchase price and the appraised value for purposes of underwriting.
- Underwrite to RD or FHA standards, using the loan amount from above as the appraised value (not the actual appraised value"
- Form 1004 appraisal required if not FHA-approved

## Down payment Sources:

- Habitat takes third position mortgage on the amount of the value of the home beyond what the borrower can qualify to borrow

## Mortgage Insurance Information:

- Montana Board of Housing loan is uninsured.

## **Lender Reservation Process:**

Fax reservations to Montana Board of Housing, including:

- Reservation cover sheet and required documentation listed on cover sheet.
- Letter from Habitat approving borrower for loan.
- Amount of loan at 0% for 30 years from Underwriting qualification and print-out from RD or FHA system. Montana Board of Housing staff will calculate the split of this loan amount into two parts, the MBOH loan and the wrap-around loan, and send this information back to the lender with the confirmation.

Lenders can check reservation status on Lender on Line.

## **Special Closing Documents:**

- Habitat loans require a specific [Mortgagor Affidavit](#) at closing

This is a summary of the Montana Board of Housing program only. For a complete copy of the terms and conditions see [Mortgage Purchase and Servicing Guide](#) and the Terms and Conditions of the set-aside.